

You,  
you're  
the  
one.

T.M.

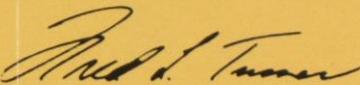
To: McDonald's Corporation  
Stockholders:

We are pleased to invite you to the Company's Annual Meeting of Stockholders at 10:00 A.M., on Friday, April 30, 1976 at the Oak Brook Theatre, 2000 Spring Road in Oak Brook, adjacent to Stouffer's Oak Brook Inn, one block northwest of McDonald's Corporation Headquarters Building.

To ensure that your shares will be represented, we urge you to date, sign and mail the enclosed Proxy in the envelope which is provided whether or not you expect to be present.

Stockholders whose shares are held in the name of a broker are cordially invited to attend the meeting and personally vote the shares they own. In order to do so, the Stockholder must obtain from his broker a Proxy executed in his favor covering his shares.

We sincerely hope you will attend.  
Cordially,



Fred L. Turner  
President and Chief Executive Officer  
McDonald's Corporation  
Oak Brook, Illinois

March 29, 1976



## To: McDonald's Corporation Stockholders

**Notice** The 1976 McDonald's Corporation Annual Stockholders Meeting will be held on Friday, April 30, 1976, at the Oak Brook Theatre, 2000 Spring Road, Oak Brook, Illinois. The meeting, which will commence at 10:00 A.M., will consider the following items of business:

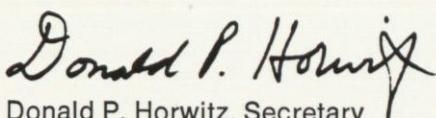
1. The election of a Board of nine Directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified.
2. The approval of an amendment to the Company's 1968 Stock Option Plan, giving the Option Committee the authority, with the consent of the optionee, to cancel outstanding options and grant new options under other stock option plans in substitution therefor.
3. The transaction of any other business that may properly come before the meeting or any adjournment thereof.

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Only stockholders of record as of the close of business on March 15, 1976, will be entitled to receive notice of, and to vote at, the meeting.

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By order of the Board of Directors



Donald P. Horwitz, Secretary  
Oak Brook, Illinois  
March 29, 1976

## Proxy statement

This proxy statement is furnished to the stockholders of the Company in connection with the solicitation of proxies to be used in voting at the annual meeting of stockholders to be held on April 30, 1976. The enclosed proxy is solicited by the management of the Company. The person giving the enclosed proxy has the power to revoke it at any time before it is exercised. Such revocation must be made in writing and directed to the Secretary of the Company at its principal office in Oak Brook, Illinois.

The Company will bear the cost of the solicitation of proxies including the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of stock.

### Voting securities outstanding

Only stockholders of record at the close of business on March 15, 1976 will be entitled to vote at the annual meeting of stockholders.

On that date, there were 40,026,475 shares of common stock without par value outstanding, each entitling the holder thereof to one vote per share upon each matter to be voted at the meeting.

As of March 1, 1976, Ray A. Kroc, Chairman of the Board of the Company, owned beneficially and of record 6,503,402 shares of common stock (representing approximately 16.2% of the shares then outstanding).

### Election of directors

At the stockholders meeting, nine directors are to be elected to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified. The shares represented by the enclosed proxy will be voted for the election of the nine nominees named below unless otherwise specified. If any nominee becomes unable to serve for any reason (which event is not anticipated), the shares represented by the enclosed proxy may be voted for such other person or persons as may be designated by the holder of such proxy.

**Directors**

Name and principal occupation	Shares of the Company stock owned beneficially as of March 1, 1976
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**Ray A. Kroc**

Chairman of the Board  
of the Company,  
director since 1957

6,503,402 (1)

**Notes**

1. Mrs. Ray Kroc owned 46,000 shares. Mr. Kroc disclaims any beneficial interest in these shares.

2. Mr. Turner's wife and minor children owned 10,300 shares in which Mr. Turner disclaims any beneficial interest.

3. Mr. Schmitt's wife and minor children owned 2,600 shares in which Mr. Schmitt disclaims any beneficial interest.

4. Mr. Newman's wife and minor children owned 205 shares in which Mr. Newman disclaims any beneficial interest.

5. Mr. Lubin's wife owned 100 shares as custodian for their minor children in which Mr. Lubin disclaims any beneficial interest.

**Fred L. Turner**

President of the Company,  
Chief Executive Officer,  
director since 1968

58,286 (2)

**Richard J. Boylan**

Senior Executive Vice President  
of the Company,  
Chief Financial Officer,  
director since 1961

24,950

**Edward H. Schmitt**

Senior Executive Vice President  
of the Company,  
Chief Operating Officer,  
director since 1973

10,600 (3)

**Gerald Newman**

Executive Vice President  
of the Company,  
Chief Accounting Officer,  
director since 1973

12,930 (4)

**Allen P. Stults\***

Chairman of the Board, American National  
Bank and Trust Company of Chicago,  
President, Director, Walter E. Heller International Corporation  
director since 1966

1,248

**Donald G. Lubin\***

Partner, Sonnenschein Carlin Nath  
& Rosenthal, Attorneys,  
director since 1967

1,224 (5)

**David B. Wallerstein\***

Business Consultant  
director since 1968

1,668

**Robert N. Thurston\***

Director, Senior Vice President,  
Quaker Oats Company,  
director since 1974

100

## Remuneration of directors and officers

The following table contains information with respect to remuneration paid or set aside by the Company and its subsidiaries for services in all capacities during 1975 to each of its directors whose direct aggregate remuneration

exceeded \$40,000, to each of its three highest paid officers whose direct remuneration exceeded that amount, and to all directors and officers as a group:

Name	Capacities in which remuneration was received	*Aggregate remuneration	Estimated amount set aside under profit sharing plan for 1975	Estimated account balance under profit sharing plan as of December 31, 1975
Ray A. Kroc	Chairman of the Board of Directors	\$ 175,000	0	0
Fred L. Turner	President and Chief Executive Officer	225,000	\$ 19,636	\$ 108,558
Richard J. Boylan	Senior Executive Vice President and Chief Financial Officer	123,500	10,778	72,144
Edward H. Schmitt	Senior Executive Vice President and Chief Operating Officer	134,000	11,694	51,732
Gerald Newman	Executive Vice President and Chief Accounting Officer	108,000	9,425	48,347
All Directors and Officers as a group (46 persons)**		\$3,250,157	\$255,784	\$1,208,551

\*On February 23, 1976, the Company's Board of Directors approved a death benefit program for all present and future officers of the Company. The program provides for payment to the beneficiaries of an officer who dies while in the employ of the Company, either of a \$145,000 single payment or ten annual payments of \$19,600. The Company intends to fund its obligation under this program by the purchase of whole life insurance on officers' lives with an estimated aggregate premium for 1976 of \$130,000.

\*\*In addition, the Company paid legal fees of \$379,058 for the year 1975 to the firm of Sonnenschein Carlin Nath & Rosenthal, of which Mr. Lubin is a partner. American National Bank and Trust Company of Chicago (of which Allen P. Stults is Chairman of the Board) is one of the Company's transfer agents and lenders. The Company has from time to time maintained substantial deposits at that bank. Quaker Oats Company (of which Mr. Thurston is a director and senior vice president) supplies pancake mix to Company and licensee operated restaurants. Such sales approximated \$1,347,000 in 1975. Mr. J. R. Simplot was a director of the Company until May, 1975. J. R. Simplot Company (of which J. R. Simplot is Chairman of the Board) supplies potatoes to the Company and licensee operated restaurants. Such sales approximated \$72,732,000 in 1975.

## Profit sharing plan

The following table shows certain information regarding the amounts set aside or accrued under the Company's Profit-Sharing Plan for

the past five years, and the estimated account balances thereunder as of December 31, 1975.

Year	1971	1972	1973	1974	1975	Estimated account balance as of December 31, 1975
Fred L. Turner	\$ 12,105	\$ 12,934	\$ 14,034	\$ 14,649	\$ 19,636	\$ 108,558
Richard J. Boylan	7,169	7,734	8,576	9,347	10,778	72,144
Edward H. Schmitt	5,195	5,934	6,804	9,208	11,694	51,732
Gerald Newman	4,455	5,610	6,884	8,135	9,425	48,347
All present directors and officers as a group (46 persons) (1)	113,089	130,529	163,111	188,828	255,784	1,208,551
All employees	\$1,003,800	\$1,250,000	\$1,900,000	\$2,400,000	\$3,150,000	\$10,176,530
Number of employees participating	1,219	1,400	2,037	2,356	2,459	2,459

1. Messrs. Kroc, Lubin, Stults, Thurston and Wallerstein are not, and Mr. Simplot was not, eligible to participate in the Company's Stock Option Plans or Profit Sharing Plan.

## Interest of management and others in certain transactions

As of March 1, 1976 certain relatives of Mr. Kroc and Mr. Turner own and/or operate an aggregate of 11 McDonald's restaurants. The terms of the licenses and leases under which these restaurants are operated are substantially normal and customary.

## Approval of an amendment to the 1968 stock option plan

On April 29, 1968, the stockholders approved the Company's first Stock Option Plan ("1968 Plan"), as summarized below. Over the past several years, stock options have been one of the key factors in attracting, retaining and motivating the Company's employees. Under the 1968 Plan, as originally approved by the stockholders, 200,000 shares of common stock (after adjustment for stock splits in 1968 and 1969) were reserved for possible issuance pursuant to the grant of options. On February 23, 1970, the stockholders approved an amendment to the 1968 Plan, increasing the number of shares reserved for possible issuance to 900,000 (after adjustment for stock splits in 1971 and 1972). As of March 1, 1976, options for all 900,000 shares had been granted.

Although the 1968 Plan terminated by its terms on April 29, 1973, there are remaining outstanding options for an aggregate of 256,105 shares, as to which the provisions of the 1968 Plan still apply. Management proposes to amend Section 3 of the 1968 Plan to allow the Option Committee, in its discretion, to have full and final authority with the consent of the optionee,

to cancel outstanding options, and to grant new qualified or non-qualified options under other stock option plans in substitution therefor. Shares subject to the cancelled options would not be available for future options. The new options may be granted at a lower price than the price of the options which will be cancelled, but in no event at a price less than the fair market value of McDonald's stock at the date of substitution. At the present time, the Option Committee has no plans to effect any such substitution, but the proposed amendment will provide additional flexibility, and management recommends approval of the proposal.

A majority of the Company's stock represented at the Annual Meeting of Stockholders must be voted in favor of the amendment in order for it to become effective.

The following table shows the options granted pursuant to the 1968 Plan which are still unexercised as of March 1, 1976 and which could be cancelled if this proposal is approved by the shareholders.

Description of options			Number of shares	
Date of grant	Expiration date	Option price	All officers and directors as a group*	All other employees as a group
Dec. 1971	Dec. 1976	\$34.75	19,160	31,220
July 1972	July 1977	\$52.38	44,250	82,500
Nov. 1972	Nov. 1977	\$64.00	—	800
Dec. 1972	Dec. 1977	\$71.00	6,000	—
Feb. 1973	Feb. 1978	\$71.88	12,750	54,825
April 1973	April 1978	\$59.12	350	4,250
			82,510	173,595

\* Of the directors and three highest paid officers of the Company, only Edward H. Schmitt has unexercised 1968 options. He owns 800 options issued in July of 1972 with an option price of \$52.38.

## **Summary of 1968 option plan**

The Plan met the requirements of Section 422 of the Internal Revenue Code, so that options granted thereunder were treated as "qualified stock options". The Plan provides that the purchase price of shares covered by options could not be less than the fair market value of the shares on the option date. The Company received no monetary consideration for the grant of any option but believes that the grant and substitution of options to employees stimulates their efforts on behalf of the Company and strengthens their desire to continue in the Company's service.

Employees may exercise their options in four equal annual installments, and any part of an unexercised installment may be exercised prior to the expiration of the option. Options expire five years from date of grant. Shares subject to an option (or portion thereof) which expired or terminated prior to April 29, 1973, were available for the grant of future options under the Plan. Subject to certain exceptions, if an employee terminated his employment within one year of the grant of an option to him, the Company had the right to repurchase, at the option price, the shares he obtained by exercising his option.

The Plan is administered by an "Option Committee" consisting of four members of the Board of Directors, at least half of whom may not be employees of the Company. No member of the Committee is eligible to receive options.

No employee could be granted options for more than an aggregate of 6,000 shares under the Plan and neither Mr. Kroc, nor any person who directly or indirectly owned, shares

possessing more than 5% of the total combined voting power or value of all classes of the Company's stock or that of any of its subsidiaries could be granted an option.

The Board could modify the Plan, but could not, without approval of stockholders (except in case of change in the capital structure), increase the number of shares reserved for options, change the manner of determining the option price, increase the maximum term of options or change the class of persons eligible to receive options.

An employee receiving an option granted under the Plan did not realize any taxable income for Federal income tax purposes at the time of grant. If he does not dispose of the shares acquired on exercise of the option within three years after acquisition, he will be taxed at capital gain rates on the excess of the sales proceeds over the option price. Under the Tax Reform Act of 1969, the excess of fair market value at date of exercise over the option price is, and one-half of the amount treated as a capital gain on the sale of option shares may be, "items of tax preference," and as such, may result in additional income tax to an employee depending upon the aggregate amount of his items of tax preference and income tax in the pertinent year. Generally, no business expense deduction will be allowed the Company upon the grant or exercise of options, or upon the transfer of stock by an employee, except to the extent that the optionee realizes ordinary income upon the exercise of an option or sale or disposition of the stock.

The 1968 Plan, restated in its entirety with the proposed amendment, is set forth in Exhibit A to this Proxy Statement.

**The following tabulation** shows pertinent information concerning stock options under the Company's 1968, 1973 and 1975 Stock Option Plans as of March 1, 1976. The closing price of the Company's common stock on March 1, 1976 was \$62.50.

Common shares (1)	Fred L. Turner(2)	Richard J. Boylan(2)	Edward H. Schmitt(2)	Gerald Newman(2)	All other directors & officers as a group(2)
<b>Granted—April 28, 1968 to March 1, 1976:</b>					
Number of shares	21,750	23,000	23,502	19,750	371,742
Average per share option price	17.57	19.36	33.95	36.91	38.55
<b>Exercised—April 28, 1968 to March 1, 1976:</b>					
Number of shares	18,000	18,000	14,200	15,000	151,170
Aggregate option price of options exercised	\$157,140	\$157,140	\$267,481	\$458,715	\$2,100,635
Aggregate market value of shares on date options exercised	\$764,496	\$794,460	\$682,263	\$724,463	\$6,816,364
<b>Sales—April 28, 1968 to March 1, 1976:</b>					
Number of shares (3)	11,134	13,200	8,400	6,630	62,105
<b>Unexercised at March 1, 1976:</b>					
Number of shares	3,750	5,000	9,302	4,750	220,572
Average per share option price	\$60.00	\$57.65	\$57.01	\$56.90	\$55.46

In addition, during the period, employees other than directors and officers were granted qualified options for 693,450 shares at an average option price per share of \$35.28, and non-qualified options for 379,726 shares at an average option price of \$57.14.

1. All share figures and prices have been adjusted for stock splits subsequent to the dates of grant.

2. Received only qualified options.

3. Includes shares acquired other than by exercise of options.

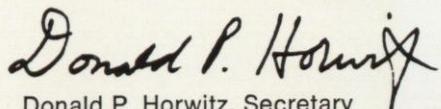
## **Approval of auditors**

On February 23, 1976, the Board of Directors appointed Arthur Young & Company as independent auditors to examine the financial statements of the Company and its subsidiaries for the year 1976. The financial statements of the Company and its subsidiaries for the year 1975 were also audited by Arthur Young & Company. Representatives of that firm are expected to be present at the Stockholders Meeting with the opportunity to make a statement, if they choose to do so, and to respond to appropriate questions.

## **Discretionary authority**

While the notice of the annual meeting of stockholders calls for transaction of such other business as may properly come before the meeting, the management has no knowledge of any matters to be presented for action by the stockholders at the meeting other than as hereinabove set forth. The enclosed proxy gives discretionary authority, however, in the event that any additional matters should be presented.

By order of the Board of Directors



Donald P. Horwitz, Secretary

March 29, 1976

## **Exhibit A McDonald's Corporation**

**1 Purpose.** The purpose of this stock option plan is to advance the interest of McDonald's Corporation (called the "Company") by encouraging and enabling the acquisition of a larger personal financial interest in the Company by its officers, regional managers, department directors and other key executive employees upon whose judgment and interest the Company is largely dependent for the successful conduct of its operations. It is anticipated that the acquisition of such financial interest will stimulate the efforts of such employees on behalf of the Company and strengthen their desire to continue in the service of the Company. It is also anticipated that the opportunity to obtain such financial interest will prove attractive to promising new executive talent and will assist the Company in attracting such employees.

**2 Scope of the plan.** An aggregate of 300,000 shares of the Company's authorized but unissued shares of common stock without par value are hereby made available, and shall be reserved for issuance, under this Plan as amended by the shareholders at the annual meeting held on April 21, 1970. The aggregate number of shares available under this Plan shall be subject to adjustment on the occurrence of any of the events and in the manner set forth in Article 12 hereof. If an option shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall (unless the Plan shall have terminated) become available for other options under the Plan.

**3 Administration.** The Plan as amended shall be administered by a committee, to be known as the Option Committee (called the "Committee"), consisting of four members of the Board of Directors, not less than one-half (½) of whom shall not be employees of the Company and who shall be appointed, from time to time, by the Board of Directors (called the "Board") of the Company. No person who shall have been or is a member of the Committee shall be eligible to receive an option under the Plan. The

## **Qualified stock option plan**

Committee shall have full and final authority, in its discretion, but subject to the express provisions of the Plan: (a) to determine the purchase price of the common stock covered by each option, the individuals to whom, and the time or times at which, options shall be granted and the number of shares to be covered by each option; (b) to interpret the Plan; (c) to prescribe, amend, and rescind rules and regulations relating to the Plan; (d) to determine the terms and provisions of the respective option agreements (which need not be identical) by which options shall be evidenced; (e) to cancel, with the consent of the optionee, outstanding options and to grant new qualified or non-qualified options under other stock option plans in substitution therefor; and (f) to make all other determinations deemed necessary or advisable for the administration of the Plan.

**4 Eligibility.** Options may be granted only to officers, regional managers, department directors and other key executive employees of the Company or to key executive employees (including officers) of any of its subsidiaries (called "subsidiaries"), as defined by Section 425 of the Internal Revenue Code of 1954 as amended from time to time. No option shall be granted to Ray A. Kroc, June Martino or to any individual who directly or indirectly owns shares possessing more than 5% of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries. In selecting the individuals to whom options shall be granted, as well as in determining the number of shares subject to each option, the Committee shall take into consideration such factors as it deems relevant in connection with accomplishing the purpose of the Plan. Subject to the provisions of Article 2 hereof, an individual who has been granted an option may, if he is otherwise eligible, be granted an additional option or options if the Committee shall so determine, but no individual may be granted an option or options for more than an aggregate of 6,000 shares, which amount is subject to adjustment as provided in Article 12 of the Plan as amended.

**5 Option Price.** The purchase price of the stock covered by each option shall not be less than the fair market value of such stock on the date the option is granted (herein called the "option date"). For the purposes hereof the fair market value shall be deemed to be the closing price of said stock on the New York Stock Exchange on the option date or, if no sales of said stock shall have been made on such Exchange on that date, on the next preceding date on which there were such sales. Such price shall be subject to adjustment as provided in Article 12 hereof.

**6 Term of options.** The term of each option shall be for a period of five (5) years from the option date, and shall be subject to earlier termination as hereinafter provided.

**7 Employee's agreement to serve.** Each individual receiving an option shall, by the terms of his option agreement, agree that he will remain in the employ of the Company, or one of its subsidiaries, for a period of at least one (1) year from the option date. No obligation of the Company as to the length of employment shall be implied by the terms of this Plan or any option granted hereunder. The Company reserves the same rights to terminate employment of any employee as existed prior to the date hereof. If an optionee's employment shall be terminated for any reason within one (1) year from option date (other than by reason of the optionee's entry into the military service of the United States, his permanent disability or death), the Company shall have the right to repurchase, at the option price, any shares theretofore issued to the optionee upon the exercise of his option.

**8 Non-transferability of options.** An option granted hereunder shall, by its terms, not be transferable and may be exercised, during his lifetime, only by the optionee.

**9 Exercise of options.** Subject to the provisions of Article 10, each option granted hereunder shall be exercisable in four (4) equal annual installments commencing on the

option date as follows: twenty-five per cent (25%) or less during the first year commencing with the Option Date; fifty per cent (50%) or less during the second year; seventy-five per cent (75%) or less during the third year; and one hundred per cent (100%) thereafter until the expiration of the option. An optionee may exercise each installment of the option in whole at any time, or in part from time to time, during the applicable annual installment period, and any unexercised portion of an installment of the option may be carried over and exercised in whole or in part during any of the succeeding installment periods. Each option granted hereunder shall by its terms comply with the specific requirements of Section 422(b)(5) of the Internal Revenue Code of 1954, as from time to time amended, preventing the exercise of such option while there are outstanding certain other options granted by the Company to such optionee. An option shall be exercised by written notice of intent to exercise the option with respect to a specific number of option shares. The purchase price of any shares as to which an option shall be exercised shall be paid in full at the time of the purchase.

An optionee shall not, by reason of any option granted hereunder, have any right of a stockholder of the Company with respect to the shares covered by his option until such shares shall have been issued to him upon the due exercise of the option.

**10 Termination of employment.** An unexercised option, or any unexercised installment thereof, shall terminate if the employment of the optionee by the Company or any of its subsidiaries shall be terminated for any reason; except that (a) if such employment is so terminated by death of the optionee, the unexercised portion of the option at the date of death may be exercised, in whole or in part, at any time within one year after the date of death, by the optionee's personal representative or by the person to whom the option is transferred by will or the applicable laws of descent and distribution; or (b) if such employment is terminated by the permanent disability of the

optionee, the unexercised portion of the option at the date of such termination of employment may be exercised, in whole or in part, at any time within two months after the date of such termination. Permanent disability shall mean the inability to engage in any substantial gainful activity on behalf of the Company (or any of its subsidiaries) because of a medically determinable physical or mental impairment expected to result in death or to be of long continued and indefinite duration. In no event shall any installment of an option, available carryover or portion of the option be exercised after five years from the option date.

**11 Time of granting options.** The option date under the Plan shall be the date on which such option shall be duly executed by or on behalf of the Company.

**12 Adjustments.** Notwithstanding any other provision of the Plan, option agreements entered into hereunder shall contain such provisions as the Committee shall determine for adjustment of the number and class of shares covered thereby, or of the option prices, or both, to reflect a stock dividend, stock split-up, share combination, recapitalization, merger, consolidation, acquisition of property or shares, separation, reorganization, liquidation, or the like, of or by the Company. In any such event, the aggregate number and class of shares available under the Plan, and the aggregate number of shares as to which options may be granted to any one individual, shall be appropriately adjusted.

**13 Effectiveness of the plan.** The Plan shall become effective upon its approval by the holders of a majority of outstanding stock of Company voting at a meeting duly called and held.

**14 Termination and amendment of the plan.** This Plan shall terminate five (5) years after the date of its approval by the Company's stockholders or at such earlier time as the Board may determine, provided, however, that

any such termination shall not affect any options then outstanding under the Plan.

The Board may make such modifications of the Plan as it shall deem advisable, but may not, without further approval of the stockholders of the Company, except as provided in Article 12 hereof, (a) increase the number of shares reserved for options under this Plan, (b) change the manner of determining the option price, (c) increase the maximum term of the options provided for herein, or (d) change the class of persons eligible to receive options under this Plan.

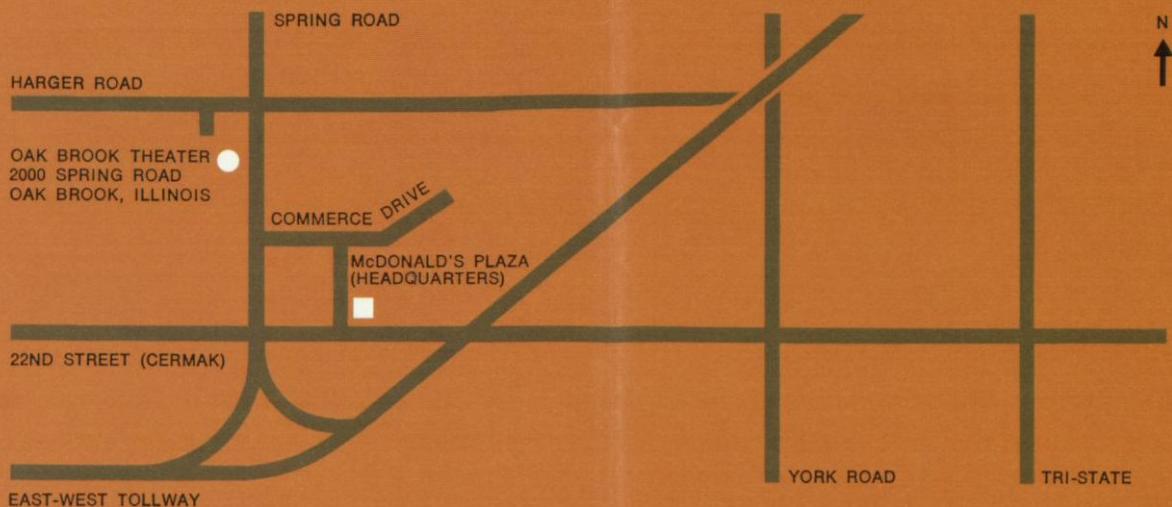
**15 Liquidation.** Upon the complete liquidation of the Company, any unexercised options theretofore granted under this Plan shall be deemed cancelled, except as otherwise provided in Article 12 in connection with a merger, consolidation or reorganization of Company.

**16 Stock purchased for investment.** Shares purchased under the options shall be purchased for investment and without present intention of resale, unless, in the opinion of counsel for Company, the shares may be purchased without investment representation. Where an investment representation is deemed necessary, the Option Committee may require a written representation to that effect by the optionee at the time the option is exercised.

McDonald's Corporation  
One McDonald's Plaza  
Oak Brook, Illinois 60521



## Location of 1976 Annual Meeting



**McDonald's Corporation**

**Notice of annual meeting  
of stockholders**

